

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 5, 1998

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 32-98 and 33-98 are tentatively set for November 19 and December 3, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 12060: Continued from October 22, 1998, Examiner Hearing.

Application of KCS Medallion Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 19, Township 18 South, Range 31 East, to form a standard 320-acre standard gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the North Shugart-Morrow Gas Pool and Undesignated North Shugart-Atoka Gas Pool. This unit will be dedicated to its Shugart West Fed. 19-2 Well, to be drilled at an orthodox location in the SE/4 of Section 19. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. This unit is located approximately 6 miles southwest of the intersection of State Highway 529 and U.S. Highway 82.

CASE 12053: Continued from October 22, 1998, Examiner Hearing.

Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 3, Township 17 South, Range 27 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Undesignated Crow Flats-Morrow Gas Pool; the SW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the SE/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to its Little Hammer Fed. Com. Well No. 1 to be drilled and completed at an orthodox gas well location 860 feet from the South line and 2105 feet from the West line (Unit N) of said Section 3. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The units are located approximately 8 miles east-northeast of Artesia, New Mexico.

CASE 12070: **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 36, Township 20 South, Range 27 East and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated West Burton Flat-Wolfcamp Pool, Undesignated Saladar-Upper Pennsylvanian Gas Pool, Undesignated Mesa Burton Flat-Strawn Gas Pool, Undesignated Northeast Avalon Atoka-Gas Pool, and the Burton Flat-Morrow Gas Pool; and the SE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Foster Draw-Delaware Gas Pool and Undesignated East Avalon-Bone Spring Gas Pool. These units are to be dedicated to its Avalon Hills "36" State Com Well No. 1, located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 36. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. The unit is located approximately 7.5 miles north of Carlsbad, New Mexico.

CASE 12071: **Application of Nearburg Exploration Company, L.L.C. for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval of an unorthodox gas well location for all zones from the top of the Cisco formation to the base of the Morrow formation in its Cone Butte "19" Fed. Well No. 1, to be located 622 feet from the North line and 1987 feet from the East line (Unit B) of Section 19, Township 22 South, Range 24 East. The N/2 of Section 19 will be dedicated to the well. The unit is located approximately 18.5 miles west-southwest of Carlsbad, New Mexico.

CASE 12067: Continued from October 22, 1998, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 16, Township 16 South, Range 32 East, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Anderson Ranch-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing. These units are to be dedicated to its Rancho Bonito "15" State Com Well No. 1 to be drilled and completed at a standard gas well location in Unit H of the section. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The unit is located approximately 4½ miles north of Maljamar, New Mexico.

CASE 12072: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 26, Township 18 South, Range 24 East and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320- acre gas spacing within that vertical extent, which presently may include the Penasco Draw-Morrow Gas Pool and the Penasco Draw Permo-Penn (Cisco) gas Pool. This unit is to be dedicated to its Poco Mesa "26" Federal Com Well No.1 to be drilled and completed at a standard gas well location in Section 26. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The unit is located approximately 9 miles south of Artesia, New Mexico.

CASE 12073: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox surface location and subsurface drilling window, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 11, Township 17 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the South Eagle Creek-Morrow Gas Pool. The unit is to be dedicated to the Eagle Creek "11" Well No.1 to be drilled in accordance with Division Rule 111 except this well will be at an unorthodox surface location 1070 feet from the North line and 2111 feet from the West line (Unit C) with a subsurface drilling window such that at the top of the Morrow formation, the producing interval shall not be closer than 660 feet from the southern boundary line nor closer than 660 feet to the side boundary lines of this spacing unit. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing the well. The well is located at the approximate southeast corner of the Artesia airport, New Mexico.

CASE 12074: **Application of Xeric Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW/4 SE/4 of Section 14, Township 19 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40- acre spacing, including the Nadine Drinkard-Abo Pool. This unit is to be dedicated to its Cain Well No. 1 to be drilled and completed at a standard well location in Unit J of Section 14. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The unit is located approximately 10 miles southeast of Hobbs, New Mexico.

CASE 12068: **Continued from October 22, 1998, Examiner Hearing.**

Application of Marathon Oil Company for surface commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 309-A to permit surface commingling of North Illinois Camp-Morrow, Illinois Camp-Morrow, North Turkey Track-Morrow, and Wildcat Travis-Wolfcamp Pool production from the Buchanan "33" State Lease, Samuel Burns "34" State Lease, David Crockett "27" State Lease, Henry Courtman "4" State Lease, James Garvin "22" State Lease, J. Guerrero "34" State Lease, Edward Mitchusson "4" State Lease, George Pagan "26" State Lease, and W. B. Travis "15" State Lease, covering parts of Sections 15, 22, 26, 27, 33, 34, Township 18 South, Range 28 East, and Section 4, Township 19 South, Range 28 East. These leases are located approximately 18 miles northeast of Carlsbad, New Mexico.

CASE 12076: **Application of Marbob Energy Corporation for simultaneous dedication and unorthodox well locations, Lea County, New Mexico.** Applicant seeks authorization to simultaneously dedicate its Lusk Deep Unit Well No. 1 located at an unorthodox well location 660 feet from the North and East lines (Unit A) its Lusk Deep Unit Well No. 5 located at a standard location 1980 feet from the South and East lines (Unit J) and its proposed Lusk Deep Unit Well No. 14 to be located at an unorthodox well location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 19, Township 19 South, Range 32 East, to a standard 643.47-acre gas spacing unit comprised of Section 19 in the Lusk-Morrow Gas Pool. These wells are located approximately 14 miles south-southeast of Maljamar, New Mexico.

CASE 12077: **This Case Will Be Dismissed.**

Application of Enron Oil and Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all formations developed on 320-acre spacing underlying the W/2, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the S/2 NW/4 and in all formations developed on 40-acre spacing from the surface to the base of the Chester formation in the SE/4 NW/4 of Section 19, Township 16 South, Range 29 East. Applicant proposes to dedicate this acreage to its Sabres "19" Federal Com Well No. 1 to be drilled at an administratively-approved unorthodox location 1846 feet from the North line and 926 feet from the West line (Unit E) of Section 19. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. This area is located approximately 12 miles northwest of Loco Hills, New Mexico.